MINUTES OF THE MEETING
JOINT LEGISLATIVE BUDGET COMMITTEE

April 14, 2011

The Chairman called the meeting to order at 9:00 a.m., Thursday, April 14, 2011, in House Hearing Room 4. The following were present:

Members: Representative Kavanagh, Chairman Senator Biggs, Vice-Chairman
Representative Alston Senator Aboud
Representative Fillmore Senator Cajero Bedford
Representative Harper Senator Crandall
Representative Jones Senator Klein
Representative Tobin Senator Murphy
Representative Heinz Senator Yarbrough

Absent: Representative Heinz
Representative Tovar

APPROVAL OF MINUTES

Hearing no objections from the members of the Committee to the minutes of December 14, 2010, Chairman John Kavanagh stated that the minutes would stand approved.

EXECUTIVE SESSION

Senator Biggs moved that the Committee go into Executive Session. The motion carried.

At 9:05 a.m. the Joint Legislative Budget Committee went into Executive Session.

Senator Biggs moved that the Committee reconvene into open session. The motion carried.

At 9:38 a.m. the Committee reconvened into open session.

Senator Biggs moved that the Committee approve the recommended settlement proposals by the Attorney General’s Office in the cases of:

- Valenzuela v. State

(Continued)
The motion carried.

**ADOPTION OF COMMITTEE RULES AND REGULATIONS**

Mr. Richard Stavneak, JLBC Staff, stated that the rules and regulations remain the same as last session with 2 exceptions: 1) Given the difficulty of acquiring a quorum during the interim, the Committee would delete the requirement that there be a quarterly meeting although that is the ongoing intent. 2) The JLBC Staff Director’s salary could be set by either the Committee or the Chairman and Vice Chairman.

_Senator Biggs moved that the Committee adopt the revised JLBC Committee Rules and Regulations._ The motion carried.

**STATE LAND DEPARTMENT - Review of Establishing Fees in Rule.**

Mr. Ted Nelson, JLBC Staff, stated that this item is a review of the State Land Department’s fee amounts. Laws 2010, 2nd Regular Session, Chapter 243 requires that the Committee review the department’s fees when they are established by rule. The JLBC Staff recommended a favorable review.

_Senator Biggs moved that Committee give a favorable review to the State Land Department’s request to establish its current statutory fees in rule._ The motion carried.

**JLBC STAFF - Consider Approval of Index for School Facilities Board Construction Costs.**

Mr. Jack Brown stated this item is for approval of an index for School Facilities Board (SFB) construction costs. A.R.S. § 15-2041D3(c) requires that the cost-per-square-foot factors used in SFB formulas be adjusted at least once annually for construction market conditions. Any adjustment made would have no short-term fiscal impact as the FY 2012 budget includes both the suspension of the building renewal formula and also a new school construction moratorium. The JLBC Staff presented options to the Committee.

_Senator Biggs moved that the Committee approve a 0% adjustment in the cost-per-square-foot factors, based on the latest 1-year change in the Rider Levett Bucknall (RLB) national construction cost index._ The motion carried.

**ATTORNEY GENERAL (AG) - Review of Allocation of Settlement Monies.**

Mr. Richard Stavneak, stated this item is a review of allocation of settlement monies from 5 settlements:

1) A $3,471,900 settlement resulting from an agreement with Wells Fargo Bank as a result of alleged misrepresentations in the marketing of adjustable rate mortgages, of which $2,168,500 will be deposited into the Court Ordered Trust Fund and $1,303,400 will go toward AG costs and investigative expenses;

2) A $1,500,000 settlement from a consent judgment with Home Loan Center as a result of alleged misrepresentations in the marketing of adjustable rate mortgages, of which $1,150,000 will be deposited into the Court Ordered Trust Fund, $300,000 will go toward AG costs and investigative expenses, and $50,000 will go to the Department of Financial Institutions;

3) A $188,800 settlement from a consent judgment with Amerix Corp. as a result of alleged deceptive practices while offering and selling debt management services, which will be deposited into the Consumer Fraud Fund;
4) A $861,100 settlement from a consent judgment with Dannon Co. as a result of alleged misleading product advertising, which will be deposited into the Court Ordered Trust Fund; and

5) A $185,000 settlement from a consent judgment with DirecTV Inc. as a result of alleged misleading advertising, which will be deposited into the Consumer Fraud Fund.

The JLBC Staff recommended a favorable review.

Senator Biggs moved that the Committee give a favorable review to the Attorney General’s allocation plans of settlement monies totaling $6,206,800. The motion carried.

Without objection, the meeting adjourned at 9:45 a.m.

Respectfully submitted:

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Sandy Schumacher, Secretary

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Richard Stavneak, Director

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Representative John Kavanagh, Chairman

NOTE: A full audio recording of this meeting is available at the JLBC Staff Office, 1716 W. Adams. A full video recording of this meeting is available at http://www.azleg.gov/jlbc/meeting.htm.